

SECWA to be restructured

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Colin Barnett

Millions of dollars in savings will be achieved to help lower energy prices for industry and consumers through the restructure of the State Energy Commission of Western Australia (SECWA).

Energy Minister Colin Barnett today announced the Government's decision to split SECWA by January 1995, into two corporatised entities, a gas business and an electricity business.

Mr Barnett said the restructure would be carried out progressively during the next 14 months, to create competition in the energy sector in a bid to increase productivity and lower energy costs in Western Australia.

The Energy Board of Review (Carnegie Report) estimated that a total restructure of SECWA would ultimately save up to \$160 million a year

Mr Barnett said that the restructure would allow a substantial amount of flow-on benefits for domestic consumers and industry in the form of lower energy prices - a prerequisite to new investment and jobs.

He said the split was in line with Coalition policy and was supported by recommendations for structural change by the Energy Board of Review.

The changes should not be viewed as an erosion of Government support for any energy supplier or as a reflection on SECWA's existing staff or management.

The Minister said SECWA - the State's largest trading enterprise - had a workforce of 5,030 people. He said improvements in productivity could only be achieved through competition within the industry and a reduction in staff levels.

He said a voluntary redundancy scheme would be offered for those positions which were considered to be in excess of requirements.

While it was difficult to predict the number of positions which would be affected by the restructure, it was estimated that at least 10 per cent of the SECWA staff levels (500 positions) would be reduced by 1995 through offering the voluntary redundancy scheme and natural attrition.

The Minister wrote to all SECWA staff today to inform them about the decision and guaranteed that there would be no compulsion for any employee to accept redundancy.

Employees in positions considered in excess of requirements would be offered the redundancy scheme as one of several options. Other options would include redeployment or retraining to perform a different function within SECWA.

The redundancy package was in line with those schemes introduced in other areas of Government and would provide for a maximum 57 weeks, pay. SECWA would also provide independent advice about financial and general implications of the redundancy to those employees who were offered the scheme.

Mr Barnett said the two businesses would be operated in line with the private sector but would continue to report to Government.

He said those functions no longer appropriate within the two new corporatised entities, such as energy policy, contractor licensing and other regulatory functions, would be transferred to an appropriate Government agency, such as an independent Office of Energy.

Functions within the electricity business would be ring-fenced to enable separate financial reporting.

A competitive framework would be introduced by July 1997 to enable large energy users to contract directly with suppliers. This would apply to high-voltage electricity transmission and to open access for the Dampier to Bunbury gas pipeline.

Mr Barnett said SECWA would plan for the restructure during the next few months, with legislation being drafted as a part of an energy implementation group which has been established to oversee the restructure process.

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